

Message Text

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16

ACTION AGR-20

INFO OCT-01 EUR-25 EA-11 ISO-00 SPC-03 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DRC-01 L-03 /177 W
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FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 2197

INFO AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE CANBERRA 6846

PASS AGRICULTURE FOR HARTMAN, L&MP DIVISION, DAS/W.

E.O. 11652: N/A

TAGS: EAGR/ETRD, EGEN, AS

SUBJECT: DECLINE IN MEAT EXPORTS REDUCES LIVESTOCK
PRICES.

1. NORTHERN MEAT WORKS NOW CLOSING DOWN IN NORMAL SEASONAL
PATTERN AS SUPPLY OF CATTLE DWINDLING. HOWEVER, EVEN
EXPORT WORKS CATERING FOR JAPANESE CHILLED BEEF MARKET,
PREVIOUSLY OPERATING THROUGHOUT THE YEAR, NOW CLOSING
BECAUSE CURRENT HIGH DOMESTIC MARKET PRICES AND STRONG TEMPORARY
COMPETITION US CHILLED BEEF MAKE JAPAN MARKET NOT ATTRACT-
IVE. REPORTS INDICATE JAPANESE DEMAND FOR CHILLED BEEF
SLOW IN RECENT WEEKS AND VIRTUALLY NO DEMAND FOR FROZEN.
ALTHOUGH PRICE A MAJOR FACTOR, SHIPPING AND COLD STORAGE
PROBLEMS IN JAPAN PARTLY RESPONSIBLE. OTHER MARKETS ALSO DULL,
AND MANY PACKERS IN NSW AND VICTORIA CLOSING DOWN EARLIER
THAN USUAL FOR CHRISTMAS DUE DIFFICULT TRADING
CONDITIONS.

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2. EXCELLENT PASTORAL CONDITIONS HAVE HELD DOMESTIC LIVESTOCK PRICES AT HIGH LEVELS UNTIL NOW, BUT SIGNIFICANT FALL EXPECTED IN EARLY 1974. MEAT INDUSTRY SPOKESMEN INDICATE NORTHERN PACKERS WILL DELAY START OF 1974 SLAUGHTER SEASON, WITH OPERATIONS AT ROSS RIVER, CAPE RIVER, MACKAY AND CAIRNS TO BE RESUMED ONLY IN APRIL. OTHER NORTHERN WORKS WILL ALSO START LATE AND CONSEQUENTLY ADEQUATE SUPPLIES OF CATTLE WILL BE AVAILABLE AT START OF SEASON. THIS, TOGETHER WITH ANY SHIPPING PROBLEMS DUE TO FUEL SITUATION, COULD LEAD TO A DRASTIC FALL IN PRICES ONCE FARMERS ARE FORCED TO MARKET CATTLE WHEN PASTURE DRIES OFF.

3. INDUSTRY REPORTS INDICATE BRITISH INTEREST IN MEAT IMPORTS WEAK, MAINLY DUE TO HIGH INTEREST RATES AND WEAKENING STERLING EXCHANGE RATE. DEMAND FROM CONTINENT LIMITED TO SPECIAL PRODUCT LINES AND LITTLE INTEREST IN STANDARD PACKS OF BEEF AND MUTTON OR FANCY MEATS. US DEMAND ALSO SHOWED STRONG FALL IN RECENT WEEKS, PARTLY DUE TO HIGH COLD STORAGE STOCKS ON EAST COAST, HIGH INTEREST RATES, AND DECLINING DOMESTIC PRICES. AUSTRALIAN OFFER FOR MUTTON LAST WEEK ELICITED US BUYER RESPONSE THAT US MUTTON 14 CENTS US CHEAPER THAN AUSTRALIAN OFFER PRICES. RUMOR IN TRADE ABOUT 5,000 TONS BEEF AFLOAT TO US BUT STILL UNSOLD. CANADA ALSO CONCERNED ABOUT MARKET CONDITIONS AND NOT BUYING AT PRESENT. TRADE RUMORS SUGGEST JAPANESE BUYERS HAVE REQUESTED REDUCTIONS ON FORWARD CHILLED BEEF CONTRACTS OR EVEN CANCELLATION. THE AUSTRALIAN INDUSTRY BELIEVES THAT ABOUT 50 PERCENT OF LATEST LIPC CALL FOR CHILLED BEEF WILL BE SUPPLIED BY US. AND PRICES FOR PURCHASES FEBRUARY/MARCH DELIVERY ARE LIKELY TO BE WELL BELOW CURRENT QUOTATIONS.

4. AUSTRALIAN PACKERS BELIEVE THAT DOMESTIC CATTLE PRICES WILL HAVE TO COME DOWN AT LEAST 10 DOLLARS AUSTRALIAN PER 100 LBS CARCASS WEIGHT FOR EXPORT PACKERS TO MEET PRESENT OVERSEAS BUYER PRICES.
GREEN

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